

| 2021-2022 Revenue Interim Committee<br>Final Work Plan Decision Matrix<br>(for final review at September 2021 meeting)   |   |  |   |                     |
|--|---|--|---|---------------------|
| Legislative Council assigned the following studies to RIC.   |   |  |   |                     |
| <b>HJ 6: Coal Severance Tax Trust Fund</b>   |   |  |   |                     |
| Option A   | Option B  | Option C   | Option D  | Resources Allocated |
| 0.33 FTE   | 0.3 FTE   | 0.2 FTE  | 0 FTE   | 0.33                |
| ° Option B<br>° Analyze energy resources in Montana, review potential taxes to assist in protecting the trust fund<br>° Project infrastructure costs, consider whether coal severance tax trust fund can cover costs<br><br><b>Deliverables</b><br>° White papers<br>° Panel discussions<br>° Decision matrices<br>° Legislation<br>° Final report | ° Option C<br>° Consider long-term interest rates and investment strategies for the trust fund<br>° Review coal extraction forecasts and their impact on the trust fund<br>° Consider market and export opportunities for coal<br><br><b>Deliverables</b><br>° White papers<br>° Panel discussion<br>° Decision matrix<br>° Legislation<br>° Final report   | ° Overview of coal severance tax, coal severance tax trust fund, programs funded with coal severance tax revenue<br>° Assess whether Legislature should revisit the current allocations and uses of the funds<br><br><b>Deliverables</b><br>° White paper<br>° Decision matrix<br>° Legislation<br>° Final report  | No action   |                     |
| <b>HJ 36: Residential Property Taxes</b>   |   |  |   |                     |
| Option A   | Option B  | Option C   | Option D  | Resources Allocated |
| 0.22+ FTE  | 0.22 + FTE  | 0.18 FTE   | 0 FTE   | 0.34                |
| ° Option B<br>° Local government profiles<br>° Agenda item on sales tax (statewide and local option)<br>° Land use changes ( <i>as time allows</i> )<br>° Property taxes on energy-producing property ( <i>as time allows</i> )<br><br><b>Deliverables</b><br>° White papers<br>° Decision matrix<br>° Legislation<br>° Final report               | ° Option C<br>° Overview of residential property and comparison to other property types (valuation, rates, classes)<br>° Overview of laws specific to state, local government, and school property taxes<br>° Additional analysis of property taxes paid on residential and other classes of property (specify analysis requested)<br><br><b>Deliverables</b><br>° White papers<br>° Decision matrix<br>° Legislation<br>° Final report | ° Review existing property tax analyses<br>° Review property tax assistance programs/tax credits and exemptions/abatements<br>° Review property tax mitigation legislation from 2021 session<br>° Consider methods for reducing residential property taxes, including effects on interested parties<br><br><b>Deliverables</b><br>° White papers<br>° Decision matrix<br>° Legislation | No action   |                     |
| The following are the RIC's statutory duties   |   |  |   |                     |
| Topic  | Why is this a topic?  | Option A   | Option B  | Resources Allocated |
| Monitor DOR  | Statute   | 0.002 FTE<br><br>° Agency updates at each meeting on topics selected by agency, staff, and committee members<br>° Quarterly reports from LFD on agency budget  | 0.0018 FTE<br><br>° Agency updates at each meeting on topics selected by agency, staff, and committee members   | 0.0018              |
| Monitor MTAB   | Statute   | 0.0015 FTE<br><br>° Agency updates at each meeting on topics selected by agency, staff, and committee members  | 0.001 FTE<br><br>° Agency updates at <i>alternating meetings</i> on topics selected by agency, staff, and committee members   | 0.001               |
| Review administrative rules  | Statute   | 0.09 FTE<br><br>° Legal staff provides RIC a brief written description of each proposed or adopted rule prior to each meeting with issues of concern noted<br>° Members to inform staff or Chair if they want more information<br>° Committee receives copies of rules from agencies for personal review   | 0.085 FTE<br><br>° Legal staff provides RIC a brief written description of each proposed or adopted rule prior to each meeting with issues of concern noted<br>° Members to inform staff or Chair if they want more information | 0.085               |
| Review statutorily established advisory councils   | Statute   | 0.005 FTE per advisory council<br>° Review advisory council and make recommendations on retention or elimination<br>° Advisory councils: Multistate Tax Compact advisory council, Agricultural Advisory Committee, Forest Lands Taxation Advisory Committee  | 0 FTE*<br><br><i>*If no committee member requests review</i>  | 0                   |
| Review agency legislation  | Statute   | 0.005 FTE<br><br>° Committee reviews proposals from the DOR and MTAB and decides if staff should draft legislation for pre-introduction  |   | 0.005               |

| Topic   | Why is this a topic? | Option A  | Option B   | Resources Allocated      |
|---|----------------------|---|--|--------------------------|
| Review proposed ballot initiatives  | Statute              | <b>0.005 FTE</b><br>° Committee holds hearing on proposed ballot initiatives within 14 days of receiving final language and votes to either support or not support the placement of the text of an initiative on the ballot<br>° Committee requests background on topic of ballot initiative such as past legislation and initiative proposals or similar proposals in other states | <b>0.001 FTE</b><br>° Committee holds hearing on proposed ballot initiatives within 14 days of receiving final language and votes to either support or not support the placement of the text of an initiative on the ballot<br><i>**May require additional committee meetings</i>  | <b>0.001</b>             |
| Department of Revenue required reports (see full list in draft work plan)   | Statute              | <b>0.023 FTE (assuming 2 reports result in legislation)</b><br>°Have staff provide background info on report topic in advance of receiving report<br>°Review report<br>°Make recommendations about whether to keep receiving report<br>°Make recommendations about topic of report (based on content of report)<br>°Request legislation based on recommendations                    | <b>0.007 FTE (total for all DOR reports)</b><br>°Review report provided by Department of Revenue   | <b>0.007</b>             |
| Film Tax Credit report  | Statute              | <b>0.012 FTE</b><br>° Option B<br>° Request legislation to achieve DOC or committee recommendations   | <b>0.002 FTE</b><br>° Committee reviews Department of Commerce-contracted film tax credit report, receives DOC recommendations, and decides whether to make additional Committee recommendations<br>° Request DOR participation in agenda item on report   | <b>0.002</b>             |
| Receipts Less Than Revenue Projections report   | Statute              | <b>As needed/0.002 FTE</b><br>° Committee receives report of receipts less than projected revenue and, within 20 days, provides budget director with recommendations on amount of receipts.   |  | <b>0</b>                 |
| Medical Marijuana Reports   | Statute              | <b>0.002 FTE</b><br>° Committee receives reports in packet and requests agency presentation of reports at some or all meetings  | <b>0.001 FTE</b><br>° Committee receives reports in meeting packet, no meeting time scheduled for presentations except upon request of the committee   | <b>0</b>                 |
| Revenue estimating and monitoring   | Statute              | <b>0.005 FTE</b><br>° Option B<br>° Receive presentations from economists and forecasters in September 2022 in preparation for November adoption of revenue estimate  | <b>0.001 FTE</b><br>° FYE 2021 Quarterly Report<br>° YTD GF Revenue Collections<br>° Quarterly report or General Fund update, as appropriate<br>° 2025 Biennium Revenue Outlook (summer 2022)<br>° 2025 Biennium Revenue Estimate and Comparison to Executive (November 2022)  | <b>0.005</b>             |
| Review tax credits<br>° Commercial or net metering system*<br>° Qualified elderly care expenses*<br>° Dependent care assistance and referral services*<br>° Contributions to a university or college foundation or endowment*<br>° Donations to an education improvement account<br>° Donations to a student scholarship organization<br>*Repealed effective 1/1/22 | Statute              | <b>0.15 FTE</b><br>° Options in right column<br>° Review all credits, including those repealed in SB 399<br>° Review other states for similar credits and compare to Montana  | <b>0.07 FTE</b><br>° Review only credits not repealed in SB 399<br>° Overview of credit including legislative history, intended purpose<br>° Analysis of who benefits from credit (incl. non-residents) and timing of costs and benefits<br>° Analysis of whether credit changes taxpayer decisions (look to before credit existed)<br>° Consider impacts of elimination of credit<br>° Consider economic impact of credit<br>° Review other states for similar credits and compare to Montana<br>° Review 15-30-2303 and consider recommending revised review schedule<br>° Staff report summarizing the credit review<br>° Committee legislation to make recommended changes | <b>0.07</b>              |
| The following topics are optional, and it is up to RIC committee members whether to pursue them as studies or as potential agenda items.  |                      |   |  |                          |
| Sales tax legislation   | Sen. Hoven           | <b>Option A</b><br><b>0.1 FTE</b><br>° Option B<br>° Identify uses of revenue and request legislation to implement (may require revising other tax laws)  | <b>Option B</b><br><b>0.1 FTE</b><br>° Option B<br>° Identify uses of revenue and request legislation to implement (may require revising other tax laws)   | <b>HJ 36 agenda item</b> |
| Community investment fee  | Rep. Beard           | <b>0.05 FTE</b><br>° Option B<br>° Review similar policies in other states  | <b>0.03 FTE</b><br>° Consider who pays fee, how to structure fee, and uses of fee  | <b>0</b>                 |
| Education funding revenue streams <sup>1</sup>  | Rep. Beard           | <b>0.004 FTE</b><br>° Option B<br>° Consider reporting requirements for various revenue streams   | <b>0.002 FTE</b><br>° Review local, state, and federal education funding   | <b>0</b>                 |

<sup>1</sup> Section 20-9-309 requires the School Funding Interim Commission to reassess the state's school funding formula at least every 10 years. The next study will be during the 2025-2026 interim at the latest.

| Topic   | Why is this a topic? | Option A  |   | Option B  |                       | Resources Allocated                |
|---|----------------------|---|---|---|-----------------------|------------------------------------|
| Review tax expenditures (in addition to tax credits)                          | Rep. Beard           | Varies  |   | 0.02 FTE  |                       | 0                                  |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Review some tax expenditures this interim</li> </ul>   |   | <ul style="list-style-type: none"> <li>° Review list of tax expenditures in <a href="#">Biennial Report</a> (p. 335)</li> <li>° Determine whether/which to review</li> <li>° Draft legislation to create review process</li> </ul>                                |                       |                                    |
| Law enforcement funding   | Rep. Beard           | 0.02 FTE  |   | 0.005 FTE   |                       | 0                                  |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Consider reducing funding for local governments that want to defund the police</li> </ul>  |   | <ul style="list-style-type: none"> <li>° Overview of law enforcement funding sources</li> </ul>   |                       |                                    |
| Land use changes and their effect on property taxes                           | Rep. Welch           | 0.05 FTE  |   | 0.025 FTE   |                       | HJ 36 agenda item (as time allows) |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Quantify property tax effects of changes in land use</li> </ul>  |   | <ul style="list-style-type: none"> <li>° Analyze whether land use is changing</li> </ul>  |                       |                                    |
| (may be relevant for HJ 36 study)   |                      |   |   |   |                       |                                    |
| Impact of increasing business equipment tax exemption on different industries | Rep. Welch           | 0.05 FTE  |   | 0.025 FTE   |                       | Ask DOR to provide info            |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Model how other changes to the business equipment tax would impact industries and consider revenue impacts to state and local governments</li> </ul> |   | <ul style="list-style-type: none"> <li>° Review impacts of increased business equipment tax exemption on various industries</li> </ul>  |                       |                                    |
| Corporate income tax apportionment  | Rep. Welch           | 0.05 FTE  |   | 0.025 FTE   |                       | Ask DOR to provide info            |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Consider impacts of other possible apportionment methods by industry (triple-weighted sales, single sales)</li> </ul>                                |   | <ul style="list-style-type: none"> <li>° Review impact of change to double-weighted sales factor by industry</li> </ul>   |                       |                                    |
| Property taxes on energy-producing property                                   | Rep. Welch           | 0.075 FTE   |   | 0.03 FTE  |                       | HJ 36 agenda item (as time allows) |
|   |                      | <ul style="list-style-type: none"> <li>° Option B</li> <li>° Consider whether to revise taxation of energy-producing property</li> </ul>  |   | <ul style="list-style-type: none"> <li>° Overview of which classes of property include energy-producing property, how the tax rates vary, and how the property is valued</li> </ul>   |                       |                                    |
| (may be relevant for HJ 36 study)   |                      |   |   |   |                       |                                    |
| LFD HB 330 study  | Staff suggested      | Option A<br>0.1 FTE*  | Option B<br>0.04 FTE  | Option C<br>0.002 FTE   | Option D<br>No Action | 0.04                               |
|   |                      | <ul style="list-style-type: none"> <li>°Option B</li> <li>° RIC and MARA meet jointly during one or more meetings</li> </ul>  | <ul style="list-style-type: none"> <li>°Option C</li> <li>° LSD and LFD staff coordinate work of RIC and MARA</li> <li>° RIC staff attends MARA meetings</li> </ul> | <ul style="list-style-type: none"> <li>° RIC staff to provide updates to MARA committee on HJ 6 and HJ 36 studies</li> <li>° Request updates from LFD on MARA</li> <li>° RIC members participate remotely in MARA meetings individually, if interested</li> </ul> |                       |                                    |
|   |                      | *FTE varies if MARA requests work from RIC staff  |   |   |                       |                                    |
| Total Resources Allocated   |                      |   |   |   |                       | 0.8978 FTE                         |

FTE Available to RIC

|  |
|--|
| .05 FTE = 144 hrs = 18 days            |
| .10 FTE = 288 hrs = 36 days            |
| .25 FTE = 720 hrs = 90 days            |
| .50 FTE = 1440 hrs = 180 days          |
| .75 FTE = 2160 hrs = 270 days          |
| 1 Interim FTE = 16.5 months = 2880 hrs |

A member may request the committee learn about an issue as an agenda item as opposed to incorporating it into the work plan. Additional topics also may be requested as agenda items that do not need to be incorporated into the work plan.